PERS in the Age of AI: A Legacy System in a Post-Work World

Executive Summary

The Mississippi Public Employees' Retirement System (PERS) was constructed in an era of predictable government employment, where workers stayed in one role for decades, retiring with full benefits. That era is ending.

Artificial intelligence (AI) is now disrupting every facet of public labor-from clerical tasks to education support, infrastructure maintenance, and decision-making. Despite this tectonic shift, PERS remains structurally unchanged, dependent on employment models that may not survive the next decade.

We reveal a stark truth: PERS is not "defunct" in name, but it is functionally unsustainable in its current form. The longer this reality is ignored, the higher the risk of financial collapse or intergenerational injustice.

I. Background: What Is PERS?

PERS is a defined benefit pension plan created in 1952 to provide retirement security for Mississippi's public employees. The system serves:

- K-12 teachers and staff
- Public university employees
- State and local government workers
- Law enforcement and judicial employees

Key features:

- Vesting period: 4-8 years depending on hire date
- Contribution model: 9% employee / 17.9% employer
- Benefit formula: Based on years of service and final average salary

The Problem: PERS assumes continuity-stable work, long service, and growing salaries. None of these are guaranteed in an AI-driven environment where positions may be shortened, restructured, or dissolved.

II. The Looming Crisis: AI-Induced Job Displacement

AI and automation are no longer fringe topics. Across the U.S., public-sector tasks are being replaced or

enhanced by AI systems:

- Clerical/Administrative: Scheduling, HR, payroll, budget tracking
- Education: Lesson generation, grading, tutoring, content delivery
- Public Safety: Surveillance, predictive modeling, dispatch systems
- Infrastructure: Smart maintenance systems, drones, remote diagnostics

Forecasts from McKinsey & Oxford University suggest that up to 45% of current public-sector work can be automated.

Unlike the private sector, where companies pivot or lay off staff, the public sector is burdened by legal obligations and outdated contracts. This results in:

- Budget strains
- Ghost positions (no longer needed, still budgeted)
- Quiet attrition with no corresponding retirement contributions

PERS has no visible strategy for responding to this displacement.

III. Fault Lines in the PERS Model

1. Shrinking Contributor Base

As automation reduces the number of active workers, the ratio of contributors to retirees collapses.

2. Vesting is Misaligned with Gig Trends

Many modern workers won't stay 8 years in one role, meaning they'll lose access to retirement benefits entirely.

3. Final Average Salary is a Flawed Metric

AI may compress salaries by reducing the need for high-paying middle-tier jobs.

4. Zero AI Contingency Planning

There is no mention of automation, AI, or labor realignment in official PERS materials.

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IV. Case Study: Mississippi Public School Systems

A school district may currently employ:

- 5 administrative clerks
- 3 teaching assistants
- 4 custodians
- 2 IT support staff

By 2030, the same school could operate with:

- 1 AI-augmented administrator
- 1 floating TA with auto-generated curriculum
- Smart infrastructure for maintenance
- Cloud-managed IT support

This is a 50-70% permanent reduction in staff, contributions, and system participation. Yet PERS continues to project stability.

V. Strategic Forecast: 2025-2040

2025: AI augments jobs - Delayed recognition of risk

2027: Mid-level automation normalizes - 5-10% contribution shortfall

2030: Full AI rollout in admin/education - Mass job reclassification, benefit shrinkage

2035: Lawsuits from retirees or clawbacks - Loss of trust in system solvency

2040: Collapse or emergency bailout - Political and fiscal crisis

VI. Strategic Recommendations

1. Establish a Statewide AI-Labor Task Force

   Track automation trends. Classify roles by vulnerability. Create exit strategies.

2. Transition Future Employees to Hybrid Plans

   Combine defined contribution and cash balance systems.

3. Invest in Human-Centered Roles

Redirect automation savings toward counseling, mentorship, and emergency response.

4. Mandate AI Literacy and Workforce Reinvention

Require each institution to adopt policies for adaptation and reskilling.

5. Establish Transparency and Truth Campaigns

Be honest with workers about the changes ahead.

VII. Preparing for the Future

The Mississippi Public Employees' Retirement System stands at a crossroads. As artificial intelligence reshapes the labor market, legacy retirement systems must evolve to remain viable. The question is not if change is needed-but how soon we begin.

The path forward requires courage, clarity, and collaboration. Proactive reform can ensure that PERS continues to serve future generations with integrity and purpose. But that requires recognizing the signals today and planning wisely for tomorrow.

By acknowledging the changing landscape and adapting accordingly, Mississippi can lead-not lag-in building a retirement system fit for the 21st century.